

THE HONORABLE ROBERT S. LASNIK

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

AMAZON.COM, INC.,

Plaintiff,

v.

DISCOVERY COMMUNICATIONS, INC.,

Defendant.

No. 2:09-cv-0681-RSL

**PLAINTIFF AMAZON.COM, INC.'S  
OPPOSITION TO DEFENDANT  
DISCOVERY COMMUNICATIONS,  
INC.'S MOTION FOR SUMMARY  
JUDGMENT OF NO INFRINGEMENT**

NOTED ON MOTION CALENDAR:  
June 4, 2010

*Oral Argument Requested*

**[REDACTED VERSION]**

1 Plaintiff Amazon.com, Inc. (“Amazon”) respectfully submits this memorandum in  
2 opposition to the motion for summary judgment filed by Defendant Discovery Communications,  
3 Inc. (“Discovery”).

#### 4 I. INTRODUCTION

5 In this case, Amazon accuses Discovery of infringing four Amazon patents through the  
6 Discovery On-Line Store website. Although Discovery moves for summary judgment of  
7 non-infringement (Dkt. No. 40, the “Motion”), Discovery *never* contends that the Discovery  
8 On-Line Store does not infringe Amazon’s patents. Rather, Discovery argues only that it is not  
9 *responsible* for the infringement committed through the Discovery On-Line Store. The sole  
10 basis for Discovery’s Motion is that, as of April 2009—a month before Amazon filed its  
11 infringement claims—a third party called Delivery Agent, Inc., purportedly took over operating  
12 the infringing Discovery On-Line Store on Discovery’s behalf. Discovery contends that because  
13 of Delivery Agent’s involvement in the Discovery On-Line Store, Discovery cannot be liable for  
14 patent infringement. Discovery’s contention is demonstrably false and legally wrong. Worse,  
15 Discovery conceals critical information from this Court that is flatly inconsistent with  
16 Discovery’s arguments.

17 One key example of Discovery’s concealment concerns its contract with Delivery Agent.  
18 While Discovery relies in its motion almost entirely upon the terms and performance of its  
19 contract with Delivery Agent,  
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23 In fact, Discovery is liable for patent infringement—both direct and indirect patent  
24 infringement—for the period before April 2009 (when Discovery operated the Discovery  
25 On-Line Site) and after April 2009 (when Discovery continued to control and encourage use of  
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1 the Discovery On-Line Site). First, Discovery operated the site prior to April 2009, and  
2 Discovery does not even deny that the site infringed for the period before April 2009.  
3 Discovery's motion for summary judgment must be denied for this reason alone. Although  
4 Discovery contends that Amazon's infringement allegations do not apply to the Discovery  
5 On-Line Store before April 2009, that allegation is false. Amazon accuses the Discovery  
6 On-Line Store of infringement, and seeks discovery and damages for the statutory period of six  
7 years prior to the patent claims. However, Discovery has unilaterally refused to provide *any*  
8 discovery regarding the Discovery On-Line Store as it existed before April 2009, necessitating  
9 Amazon's pending Motion to Compel Discovery of the Accused Discovery On-Line Store. *See*  
10 Dkt. No. 69. Just because Discovery has improperly withheld information regarding the  
11 Discovery On-Line Store before April 2009 does not mean it is not accused of infringement.  
12 Because Discovery does not even attempt to show no infringement by its website, its Motion  
13 must be denied.

14 Second, for the period after April 2009, Discovery's Motion must be denied because  
15 Discovery does infringe directly and indirectly. Discovery cannot evade responsibility for its  
16 manifest infringement by contracting with a third party (Delivery Agent) to operate the  
17 Discovery On-Line Store on Discovery's behalf.

18 With respect to direct infringement, Discovery argues that it exerts no "direction or  
19 control" over Delivery Agent's operation of the infringing Discovery On-Line Store. That  
20 argument is false and misleading. Discovery relies on its *original* contract with Delivery Agent  
21 to argue it exerts no direction or control, REDACTED

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4 Discovery's argument that it is not liable because it has no control is  
5 egregiously false.

6 Discovery also is liable for indirect infringement. The facts omitted and concealed from  
7 Discovery's Motion demonstrate that Discovery has induced infringement. For example,

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14 Discovery further induces infringement by advertising the Discovery  
15 On-Line Store and its infringing functionality. Discovery uses website properties it controls to  
16 advertise and *directly link* its customers to the Discovery On-Line Store and its infringing  
17 functionality. Thus, Discovery induces infringement by encouraging, advertising, and benefiting  
18 from infringing uses of the Discovery On-Line Store.

19 In short, Discovery is liable for patent infringement—for the period before April 2009  
20 when it operated the Discovery On-Line Store, and the period after 2009 when it continued to  
21 exercise control over the site and encouraged infringement on the site.

22 **II. STATEMENT OF FACTS**

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24 Discovery's Motion does not contest the fact that the Discovery On-Line Store infringes  
25 the four patents asserted by Amazon, but it does dispute its responsibility for the infringement.  
26 Thus, Amazon limits its summary of the patents and the accused Discovery On-Line Store to the

1 facts underlying Discovery's responsibility for the infringement.

2 **A. The Amazon Patents.**

3 Amazon alleges that Discovery, through the Discovery Store website (herein, the  
4 "Discovery On-Line Store"), infringes and has infringed four patents assigned to Amazon. *See*  
5 Dkt. No. 1 (Complaint), ¶¶ 8, 12, 15, 18, and Exhibits 1 (the "'225" patent), 2 (the "'986"  
6 patent), 3 (the "'649" patent) and 4 (the "'722" patent).

7 The Amazon Patents generally relate to methods and systems that can be implemented in  
8 connection with Internet websites, including those engaged in e-commerce activities. *See*  
9 *generally* '225 at 1:18-30; '986 at 1:19-31; '649 at 1:11-22; '722 at 1:11-22. The '225 patent  
10 and '986 patent (together, the "Search Patents") stem from the same, original patent application  
11 and claim methods and systems for refining search queries (*e.g.*, suggesting related search terms  
12 in response to a search query entered by a user). *See* '225 at 1:13-15, 2:28-31. The '649 patent  
13 and the '722 patent (together, the "Recommendations Patents") stem from two different  
14 applications and claim methods and systems for recommending products or other items based on  
15 items known to be of interest to the user. *See generally* '649 at 2:33-45; '722 at 2:33-45.

16 **B. The Accused Discovery On-Line Store.**

17 The accused Discovery On-Line Store is a website (or collection of websites) used to sell  
18 products relating to Discovery's media properties such as the Discovery Channel. *See* Dkt.  
19 No. 1, ¶ 9; Dkt. No. 44, ¶ 10. For example, a consumer interested Discovery programming such  
20 as "Shark Week" or "Planet Earth" can view clips of the show on the Discovery Channel website  
21 and link directly to the Discovery On-Line Store to purchase the DVD. *See* Dkt. No. 44, ¶¶ 4, 7,  
22 Ex. 7; Dkt. No. 42, ¶¶ 18-20.

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26 As discussed below, the Discovery On-Line Store has been in existence for more than

1 a decade, and Discovery admittedly operated it before April 2009.

2 **1. Discovery Admits that It Operated the Discovery On-Line**  
 3 **Store before April 2009, But It Refuses to Produce Discovery**  
 4 **from that Period.**

5 As stated in Amazon's infringement contentions, the accused Discovery On-Line Store  
 6 "has operated in the past using URLs . . . , including at least <http://www.discoverystore.com> and  
 7 <http://shopping.discovery.com>." Declaration of Brian Ankenbrandt supporting Amazon's  
 8 Opposition to Discovery's Motion for Summary Judgment ("Ankenbrandt Decl."), Ex. 1 at 2  
 9 (also noting such URLs continue to forward users to the current website). Discovery does not  
 10 dispute this fact. *See id.*, Ex. 2, at 2 (Discovery's noninfringement contentions). Public  
 11 information further confirms that the Discovery On-Line Store was accessible through the  
 12 identified URLs for more than a decade. Dkt. No. 70, ¶¶ 20-23, Exs. 18-19. However, public  
 13 information does not reveal the full functionality necessary for a detailed evaluation of past  
 14 infringement. *Id.* ¶ 24, Exs. 20-24.

15 Discovery also admits that it designed, operated and controlled the Discovery On-Line  
 16 Store before April 1, 2009. *See* Dkt. No 44, ¶¶ 3, 5, 9, 11, 13. **REDACTED**

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 21 In addition, Discovery admits that the Discovery On-Line Store included  
 22 recommendations and search-query functionality relevant to Amazon's Recommendations  
 23 Patents and Search Patents before April 2009. *See, e.g.*, Dkt. No. 44 ¶¶ 19, 27, 31-35 and  
 24 Exhibits 1, 2, 4, 5, 6 & 7 thereto. For example, Discovery admits that the recommendation  
 25 functionality before April 2009 was remarkably similar to the current functionality. *Compare*  
 26 Dkt. No. 44, ¶¶ 32-34, Exs. 5, 6 (product recommendations presented under a "You May Also

1 Like” heading after April 2009) *with id.*, Ex. 6 (product recommendations presented under a  
2 “May we also suggest” heading before April 2009); *see also id.*, ¶¶ 11, 13, 34, 35.

3 Discovery’s Motion and supporting papers also selectively rely on “previously saved  
4 images” of a search process performed on the Discovery On-Line Store from before April 2009.  
5 However, Discovery never states whether the selected images are representative of how all prior  
6 versions of the Discovery On-Line Store functioned with all search queries. *See* Dkt. No. 44  
7 ¶¶ 19, 27, 31-35 and Exhibits 1, 2, 4, 5, 6 & 7 thereto. Regardless, the available evidence raises  
8 factual issues that the Discovery On-Line Store *did* include infringing, refined search-query  
9 functionality before April 1, 2009. REDACTED

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16 In short, Discovery does not deny infringement before April 2009, and the limited,  
17 available evidence, notwithstanding Discovery’s refusal to provide discovery, raises genuine  
18 issues of material fact that the Discovery On-Line Store infringed during that period.

19 **2. Discovery Partners with Delivery Agent to Continue Operating**  
20 **the Discovery On-Line Store on Discovery’s Behalf.**

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23 On December 23, 2008, Discovery and Delivery Agent  
24 executed their original “E-Commerce Operation Agreement.” One of Discovery’s declarants,  
25 Kelly Day, attaches the E-Commerce Operation Agreement to her declaration. Dkt. No. 46,  
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¶ 16, Ex. 6. Without explanation, Ms. Day attaches the agreement “without the related exhibits and schedules.”

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As an initial matter, the evidence supports the inference that Discovery contracted with Delivery Agent in an attempt to dodge liability for Amazon’s inevitable counterclaims as Discovery prepared for litigation against Amazon. In parallel with Discovery’s negotiations with Delivery Agent, Discovery was asserting its patents against Amazon—first by a “licensing” overture in Fall 2008, and ultimately by suing Amazon for infringement in the District of Delaware on March 17, 2009—two weeks before the so-called “Delivery Agent Website” was scheduled to launch. *See* Ankenbrandt Decl., Ex. 7, 8. Amazon then counterclaimed for patent infringement in Delaware and filed the present action in this Court on May 15, 2009. Dkt. No. 1; Ankenbrandt Decl., Ex. 8.

The evidence also challenges any implication that Discovery had no knowledge of the infringing functionality of the so-called “Delivery Agent Website.” In sales pitches and negotiations preceding execution of the ECOA, Delivery Agent summarized the features of the proposed e-commerce operation that infringe Amazon’s Patents, including:

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24 **III. LEGAL STANDARDS**

25 Summary judgment is appropriate only “if the pleadings, the discovery and disclosure  
26 materials on file, and any affidavits show that there is no genuine issue as to any material fact

1 and that the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c)(2). Here,  
 2 therefore, Discovery must present undisputed facts showing that it has not, as a matter of law,  
 3 directly or indirectly infringed the Amazon Patents at *any* time in the six years before May 15,  
 4 2009, when Amazon filed its Complaint. *See* 35 U.S.C. § 286 (permitting infringement damages  
 5 up to six years before claims asserted); Dkt. No. 1.

6 **A. Exercising “Control or Direction” over the Infringing Product or**  
 7 **Method Constitutes Direct Infringement.**

8 Direct infringement exists where a defendant “controls or directs” another entity in its  
 9 performance of the elements of a patent claim. *See BMC Res., Inc. v. Paymentech, L.P.*, 498  
 10 F.3d 1373, 1380 (Fed. Cir. 2007). A “party cannot avoid infringement simply by contracting out  
 11 steps of a patented process to another entity. In those cases, the party in control would be liable  
 12 for direct infringement.” *Id.* at 1381 (adding that “[i]t would be unfair indeed for the mastermind  
 13 in such situations to escape liability”). Similarly,

14 [u]nder *BMC Resources*, the control or direction standard is satisfied in situations  
 15 where the law would traditionally hold the accused direct infringer vicariously  
 16 liable for the acts committed by another party that are required to complete  
 17 performance of a claimed method.

18 *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1330 (Fed. Cir. 2008), *cert. denied*, \_\_\_ U.S.  
 19 \_\_\_, 129 S. Ct. 1585 (2009). On the other hand, the “control or direction” standard is not met  
 20 through the “independent conduct of multiple actors” (*BMC Res.*, 498 F.3d at 1381) or through  
 21 “mere ‘arms-length cooperation’” (*Muniauction*, 532 F.3d at 1329).

22 Thus, “control or direction” sufficient to support a finding of direct infringement lies  
 23 somewhere on the “continuum between an arms-length relationship and vicarious liability.”  
 24 *Akamai Techs, Inc. v. Limelight Networks, Inc.*, 614 F. Supp. 2d 90, 120 (D. Mass. 2009); *cf.*  
 25 *Cerner Corp. v. Visicu, Inc.*, 667 F. Supp. 2d 1062, 1074 n.11 (W.D. Mo. 2009) (denying  
 26 summary judgment of noninfringement in part because “[w]hether [the allegedly controlling  
 entity] was the ‘mastermind’ is a question of fact best suited for the jury”).

**B. Actively Encouraging Direct Infringement of a Claimed Invention Constitutes Indirect Infringement.**

A party indirectly infringes if it either induces or contributes to another's direct infringement. *See* 35 U.S.C. § 271(b), (c). A "finding of inducement requires a threshold finding of direct infringement—either a finding of specific instances of direct infringement or a finding that the accused products necessarily infringe." *Ricoh Co. v. Quanta Computer Inc.*, 550 F.3d 1325, 1341 (Fed. Cir. 2008), *cert. denied*, \_\_\_ U.S. \_\_\_, 129 S. Ct. 2864 (2009) (citing *ACCO Brands, Inc. v. ABA Locks Mfr. Co.*, 501 F.3d 1307, 1313 (Fed. Cir. 2007)).

The inducing party must "knowingly induce[] infringement and possess[] specific intent to encourage another's infringement." *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1306 (Fed. Cir. 2006) ("[I]nducement requires evidence of culpable conduct, directed to encouraging another's infringement, not merely that the inducer had knowledge of the direct infringer's activities."). The intent element is met if the inducing party "knew or should have known his actions would induce actual infringements" (*id.* at 1304), and the knowledge element is met if the inducing party knew of the patent or was "deliberate[ly] indifferen[t]" to its existence. *SEB S.A. v. Montgomery Ward & Co.*, 594 F.3d 1360, 1366-67 (Fed. Cir. 2010). Amazon may show Discovery's intent through circumstantial evidence, just as with direct infringement. *See DSU*, 471 F.3d at 1306.

**IV. ARGUMENT**

In its motion for summary judgment of "no infringement," Discovery does not deny that the Discovery On-Line Store infringes the Amazon Patents, nor does it present facts to dispute that the website infringes. *See* Motion, *passim*. Instead, Discovery argues only that it bears no responsibility for the infringement *since* April 2009. *Id.* Because Discovery's Motion does not challenge the substance of Amazon's infringement contentions, which are supported by the uncontroverted facts cited therein (*see* Ankenbrandt Decl., Ex. 1), it must be accepted as true for purposes of the Motion that the Discovery On-Line Store infringes.

1           **A.     Discovery Is Not Entitled to Summary Judgment of “No**  
2           **Infringement” before April 2009.**

3           Instead of addressing or denying its infringement before April 2009, Discovery relies on  
4           the false premise that Amazon does not accuse the Discovery On-Line Store of infringement  
5           before Delivery Agent became involved. Thus, the Motion does not support a judgment of “no  
6           infringement” before April 2009. However, if the Court were to address this time period despite  
7           Discovery’s failure to raise the issue, the Motion should be denied.

8           First, Discovery’s failure to address the issue justifies denying the Motion for the period  
9           before April 2009. Discovery admits that it operated the Discovery On-Line Store without  
10          Delivery Agent’s involvement before April 2009. Discovery further admits that the Discovery  
11          On-Line Store included recommendations functionality relevant to Amazon’s Recommendations  
12          Patents and search-query functionality relevant to Amazon’s Search Patents. Those admissions  
13          and other evidence raise genuine issues of material fact that the recommendations functionality  
14          and search-query functionality of the Discovery On-Line Store infringed the Amazon Patents  
15          before April 2009. *See* Section II.B.1, *supra*. Discovery does not discuss a single claim in full,  
16          offers no claim construction proposal or argument, and presents no evidence that the Discovery  
17          On-Line Store did not and does not infringe. *See* Motion, at 2-3, 13-14. Discovery cannot win  
18          summary judgment of “no infringement” without substantively addressing or even denying its  
19          infringement before April 2009.

20          Second, Amazon does *not*, as Discovery contends, accuse only the so-called “Delivery  
21          Agent Website” of infringement. Amazon accuses the Discovery On-Line Store of infringement,  
22          without limitation to the period after Discovery contracted out its continued operation to  
23          Delivery Agent and changed its primary Internet address. Amazon’s infringement contentions  
24          expressly state that the Discovery On-Line Store was previously available at similar addresses,  
25          which, *to this day*, continue to direct users to the current Discovery On-Line Store. *See* Dkt.  
26          No. 69, at 3:10 – 4:15; 8:17 – 9:5. The historical Discovery On-Line Store served the same

1 purpose—selling Discovery merchandise—and included similar functionality relevant to the  
2 Amazon Patents. *Id.*, at 4:17 – 24; 8:17 – 9:5. Discovery cannot obtain a premature judgment of  
3 “no infringement” based on the false premise that Amazon does not accuse the Discovery  
4 On-Line Store of infringement before April 2009.

5 Third, it is simply egregious for Discovery to seek summary judgment while denying  
6 Amazon all discovery of the accused Discovery On-Line Store as it existed before April 2009.  
7 Because Discovery solely possesses but withholds material information regarding the Discovery  
8 On-Line Store before April 2009, the Motion should be denied. *See* Fed. R. Civ. P. 56(f)(1).

9 **B. Discovery Has Directly and Indirectly Infringed the Amazon Patents**  
10 **through the Discovery On-Line Store since April 2009.**

11 Since April 2009, Discovery continues to infringe Amazon’s Patents, both directly and  
12 indirectly. First, Discovery directly infringes by exercising “control or direction” over the  
13 Discovery On-Line Store and its infringing functionality. Second, Discovery indirectly infringes  
14 by actively encouraging direct infringement through the Discovery On-Line Store—with full  
15 knowledge of Amazon’s patents and infringement claims.

16 **1. Discovery “Controls or Directs” the Infringing Functionality of**  
17 **the Discovery On-Line Store.**

18 Discovery directly infringes the Amazon Patents at least by “controlling or directing”  
19 Delivery Agent’s operation of the Discovery On-Line Store and its infringing functionality.  
20 Discovery’s control or direction of the infringing Discovery On-Line Store is evidenced by  
21 numerous facts—including critical facts unaccountably omitted from Discovery’s Motion. As  
22 discussed further below, the evidence of Discovery’s control or direction is extensive and  
23 compelling. First, REDACTED

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26 Second,

1           REDACTED           the original ECOA provided ample evidence of  
2     Discovery's control or direction over the infringing Discovery On-Line Store to deny the  
3     Motion. Each reason independently supports denial of Discovery's motion for summary  
4     judgment of no direct infringement.

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14           As the Federal Circuit has stated, it is a "well-settled rule that 'a defendant cannot . . .  
15     avoid liability for direct infringement by having someone else carry out one or more of the  
16     claimed steps on its behalf.'" *See Muniauction*, 532 F.3d at 1329. Moreover, the "right of  
17     control" over another's actions is the hallmark of a "master-servant" relationship that gives rise  
18     to vicarious liability. "A servant is a person employed to perform services in the affairs of  
19     another and who with respect to the physical conduct in the performance of the services *is*  
20     *subject to the other's control or right of control.*" RESTATEMENT (SECOND) OF AGENCY § 220  
21     (1958) (addressing the control necessary to find a "master-servant" relationship as opposed to  
22     one between independent contractors); *see also BMC Res.*, 498 F.3d at 1379 (Federal Circuit  
23     citing with approval comment to section § 220).           REDACTED

25           Three months after Amazon asserted its claims that Discovery infringes Amazon's  
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1 patents through the site-search, recommendations ( REDACTED <sup>1)</sup> and  
2 affiliate functionalities of the Discovery On-Line Store,<sup>2</sup> REDACTED  
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<sup>2</sup> As noted above, Discovery asserts the Search Patents and Recommendations Patents in this action. Amazon's "Associates Patents" are asserted against Discovery's "Affiliates" program in Amazon's co-pending counterclaims against Discovery in the District of Delaware. *See Ankenbrandt Decl.*, Ex. 9.

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9 **b) Even the Original Agreement Evidenced Discovery's Sufficient**  
10 **Control to Support Direct Infringement Liability.**

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12 Discovery had sufficient control or direction to deny summary judgment  
13 of no direct infringement. The original ECOA alone provided compelling evidence showing that  
14 Discovery controlled or directed the infringing Discovery On-Line Store.

15 First, the contracting parties' view of their own relationship supports Discovery's control  
16 or direction over the infringing Discovery On-Line Store. Evidence that a defendant considers  
17 another entity its "partner" who operates the infringing steps or components "on its behalf" is  
18 highly probative of control or direction and sufficient to find a genuine issue of material fact.  
19 *See, e.g., Muniauction*, 532 F.3d at 1329; *Rowe Int'l Corp. v. Ecast, Inc.*, 586 F. Supp. 2d 924,  
20 932-33 (N.D. Ill. 2008) (citing the fact that "Ecast regarded View and Rock-Ola as 'partners'"  
21 who manufactured the jukeboxes "for" Ecast in finding sufficient "indicia of [Ecast's] direction  
22 and control"); *TGIP, Inc. v. AT&T Corp.*, 527 F. Supp. 2d 561, 578 (E.D. Tex. 2007) (finding  
23 that AT&T exercised direction or control over West, based on AT&T's witness statement that  
24 West acted "'on behalf of AT&T'" to implement the infringing system). Here, both parties  
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1 continued to consider their relationship a “partnership” even after executing the ECOA.<sup>3</sup>

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11 Second, the terms of the ECOA itself further demonstrate Discovery’s control over the  
12 Discovery On-Line Store and its infringing functionality. The existence of a contractual  
13 relationship—particularly one that includes “indicia of direction or control” over the infringing  
14 functionality—supports a finding of direct infringement. *See Rowe Int’l Corp.*, 586 F. Supp. 2d  
15 at 932 (N.D. Ill. 2008) ; *see also Nuance Commc’ns Inc. v. Tellme Networks, Inc.*, No.  
16 06-105-SLR, 2010 U.S. Dist. LEXIS 39388, at \*27-28 (D. Del. Apr. 20, 2010) (holding that “a  
17 reasonable jury could conclude that, due to the level of contractual control present, Tellme’s  
18 actions should be attributable to its customers”); *cf. BMC Res.*, 498 F.3d at 1382 (citing the  
19 absence of any contractual relationship in finding no control or direction); *Emtel, Inc. v.*  
20 *Lipidlabs, Inc.*, 583 F. Supp. 2d 811, 834-36 (S.D. Tex. 2008) (holding no control or direction  
21 where the contract gave the allegedly controlled physicians “discretion” over the medical  
22 treatments required to infringe, and the allegedly controlling party had “no right to interfere with  
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24 <sup>3</sup> Although Discovery and Delivery Agent styled their relationship as a one between “independent  
25 contractors” in the ECOA (§ 16.3), their characterization of the relationship is by no means dispositive. *See, e.g.,*  
26 *Akamai*, 614 F. Supp. 2d at 120 (“Were vicarious liability a requirement for a finding of joint infringement, then an  
entity could use a patented method with impunity by hiring an independent contractor to perform one or more steps  
of that method.”).

the care or treatment”). Here, the ECOA includes significant indicia of control to support Discovery’s direct infringement—and certainly to raise genuine issues of material fact.

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The ECOA further includes indicia of control over the particular, infringing functionality. For example, the ECOA *requires* that the Discovery On-Line Store “shall . . . *have full search and indexing capabilities.*”

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<sup>4</sup> Discovery Communications, LLC (“DCL”) is a subsidiary of Discovery Communications Holdings, LLC (“DCH”), which in turn is a subsidiary of Discovery Communications, Inc. (“Discovery” or “DCI”). *See* Ankenbrandt Decl., Ex. 32 (May 14, 2009 Form 8-K).

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13 from the inception of the ECOA, Discovery had the  
14 right to control anything about the Discovery On-Line Store at any time, including changing or  
15 halting the infringing functionality.

16 Courts have found genuine issues of material fact as to “control or direction” on far less  
17 evidence. In *Nuance*, 2010 U.S. Dist. LEXIS 39388, for example, the Court found that “a  
18 reasonable jury could conclude that, due to the level of contractual control present, Tellme’s  
19 actions should be attributable to its customers.” The facts on which the court relied correspond  
20 to just a fraction of the evidence here. Under the ECOA, for example, Delivery Agent provides  
21 Discovery an infringing “E-Commerce Operation” hosted by Delivery Agent. *Compare* ECOA  
22 § 1.11 with *Nuance*, 2010 U.S. Dist. LEXIS 3988, at \*13-14 (Tellme “provide[d] the customer  
23 services with access to equipment and applications that [we]re physically located at Tellme data  
24 centers”). Delivery Agent further agreed to develop the E-Commerce Operation and become  
25 Discovery’s exclusive provider of e-commerce operations in the United States. *Compare* ECOA  
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1 §§ 2.1-2.2 *with Nuance*, 2010 U.S. Dist. LEXIS 3988, at \*13-14 & n.6 (Tellme “agreed to  
 2 develop” the system required for infringement). Particularly when combined with the other  
 3 terms and admissions in the ECOA REDACTED a reasonable jury could  
 4 conclude that, due to the level of contractual control, Delivery Agent’s actions should be  
 5 attributable to Discovery.

6 Finally, Discovery’s reliance on the *EpicRealm* cases is misplaced, REDACTED  
 7 Discovery did not merely “work[] closely with its vendor” or  
 8 “issue[] directions as to other aspects of the website.” *See* Motion, at 18:16-20. As an initial  
 9 matter, the extent to which Discovery required DA to include the infringing functionality in the  
 10 Discovery On-Line Store is, at a minimum, disputed. As discussed above, the original ECOA  
 11 included terms showing that Discovery required include the infringing functionality in the  
 12 Discovery On-Line Store. REDACTED

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 16 **2. Discovery Also Indirectly Infringes by Encouraging and**  
 17 **Benefiting from the Use of the Infringing Discovery On-Line**  
 18 **Store.**

19 Here, in addition to Discovery’s direct infringement through its control or direction of the  
 20 infringing Discovery On-Line Store, Discovery indirectly infringes by inducing infringing uses  
 21 of the Discovery On-Line Store. Preliminarily, there is no question that Discovery’s inducement  
 22 is supported by predicate acts of direct infringement. Discovery’s Motion does not contest the  
 23 fact that the Discovery On-Line Store infringes. Likewise, Discovery’s motion does not contest  
 24 the fact that Delivery Agent and users of the Discovery On-Line Store directly infringe. *See*  
 25 *particularly* Motion, at 20:1-24:16. Regardless, the undisputed facts (including those detailed in  
 26 Amazon’s infringement contentions) support a threshold finding that both Delivery Agent and  
 users of the Discovery On-Line Store directly infringe Amazon’s Patents.

1 For example, Discovery cannot contest predicate acts of direct infringement based on the  
2 purported involvement of other third parties, such as Aggregate Knowledge and SLI Systems.  
3 Particularly with respect to the system claims that Amazon asserts from each of the Amazon  
4 Patents, both Delivery Agent and users of the Discovery On-Line Store directly infringe at least  
5 through their “use” of the claimed inventions. *See* 35 U.S.C. § 271(a). *See also NTP, Inc. v.*  
6 *Research in Motion, Ltd.*, 418 F.3d 1282, 1317 (Fed. Cir. 2005) (holding that an entity “uses” the  
7 claimed system where “the system as a whole is put into service, *i.e.*, the place where control of  
8 the system is exercised and beneficial use of the system obtained”); *CIVIX-DDI, L.L.C. v. Cellico*  
9 *P’ship*, 387 F. Supp. 2d 869, 883-84 (N.D. Ill. 2005) (“[U]nder the Federal Circuit’s holding in  
10 *NTP*, an alleged infringer uses a claimed system when the alleged infringer exercises control  
11 over the system and obtains beneficial use of the system.”). Here, both Delivery Agent and  
12 consumers visiting the Discovery On-Line Store directly infringe the Amazon Patents when they  
13 exercise control over the infringing search and recommendations functionality and obtain  
14 beneficial use of the infringing systems. *See*, Ankenbrandt Decl., Ex. 4 (Deckard Depo.) at  
15 47:18-48:8, Ex 10 (Combs Depo.) at 149:13-155:2.

16 Turning to Discovery’s acts of inducement, Discovery has knowingly induced the direct  
17 infringement both by Delivery Agent and by users of the Discovery On-Line Store, with specific  
18 intent to encourage their infringement. *See DSU*, 471 F.3d at 1306. Discovery did so with full  
19 and specific knowledge of the Amazon Patents **and** its infringement allegations, as its culpable  
20 conduct continued months after Amazon asserted its claims. As discussed below, Discovery has  
21 induced infringement in at least two ways.

22 First,

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12 Second, Discovery's advertising of the Discovery On-Line Store and its infringing  
13 functionality independently supports inducement liability. "Evidence of active steps taken to  
14 induce infringement, *such as advertising an infringing use*, can support a finding of an intention  
15 for the product to be used in an infringing manner." *Lucent Techs., Inc. v. Gateway, Inc.*, 580  
16 F.3d 1301, 1322 (Fed. Cir. 2009) (emphasis added); *see also DSU*, 471 F.3d at 1305.

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1 Although Discovery concedes in papers supporting the Motion that it provides  
2 “marketing support” to Delivery Agent (*id.*) and provides links from websites it admittedly  
3 controls to the Discovery On-Line Store (Dkt. No. 42, ¶¶ 18-20), it neglects to disclose that its  
4 ongoing advertising of the Discovery On-Line Store REDACTED encourages users to  
5 infringe by integrating its own family of websites seamlessly with the Discovery On-Line Store.

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7  
8 And, critically,  
9 Discovery neglects to disclose or address the fact that it encourages consumers to infringe by  
10 linking them *directly to the infringing recommendations and site-search functionality*. See  
11 Ankenbrandt Decl., ¶ 32; Ex. 30; *see also* Ex. 10 (Combs Depo.) at 172:11-173:25. With respect  
12 to the Recommendations Patents, for example, the page includes a section entitled, “You May  
13 Also Like,” followed by the list of recommended products—precisely the functionality that  
14 Amazon accuses of infringement. *Id.* ¶ 32, Exs. 1, 30. The same page also includes a link to the  
15 “SEARCH” functionality that Amazon accuses of infringing the Search Patents. *Id.* ¶ 32, Exs. 1,  
16 30.

17 Finally, Discovery directly benefits from encouraging users to visit the Discovery  
18 On-Line Store, REDACTED

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21 In sum, Discovery uses its own  
22 websites to advertise and *directly link* consumers to the infringing functionality of the Discovery  
23 On-Line Store, then benefits from the resulting infringement by taking a share of the revenues  
24 earned through the consumer’s purchases.

25 Discovery’s cited authorities cannot save it from liability for inducement. Discovery  
26 cites two cases for the false proposition that “the patentholder must prove that the defendant

1 induced infringement of *each and every* limitation of the claims.” Neither case so holds. In  
 2 *MercExchange, L.L.C. v. eBay, Inc.*, 401 F.3d 1323, 1332-33 (Fed. Cir. 2005), *vacated and*  
 3 *remanded on other grounds*, 547 U.S. 388 (2006), the Federal Circuit held only that eBay’s  
 4 encouragement of acts relevant to just one limitation of the asserted claims was insufficient to  
 5 find that eBay encouraged infringement of any claim *as a whole*—not that evidence of intent  
 6 was required separately for each and every limitation. Here, Discovery intentionally encourages  
 7 infringement of the claimed inventions as a whole— REDACTED and  
 8 by continuing to advertise and link users directly to the Discovery On-Line Store’s infringing  
 9 functionality with knowledge of Amazon’s patents and infringement claims.

10 Discovery’s citation to *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 909 F.2d 1464,  
 11 1467-70 (Fed. Cir. 1990) is also unavailing— REDACTED

12 As an initial matter, that out-dated case  
 13 does not hold that an element-by-element showing of intent is necessary to an inducement  
 14 finding. *See id.* at 1469 (opining only that “proof of actual intent to cause the acts which  
 15 constitute the infringement is a necessary prerequisite to finding active inducement”). Instead,  
 16 Discovery cites it for the unrelated proposition that “Bausch & Lomb did not actively induce  
 17 infringement . . . , even though it . . . agreed to indemnify the purchaser against infringement” of  
 18 H-P’s plotter patent. *See Motion*, at 22:4-9. REDACTED

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 22 Regardless, Discovery *is* liable for inducement under the reasoning in *Hewlett-Packard*:

23 The most troubling aspect of the agreement between [Bausch & Lomb] and [the  
 24 purchaser] is the indemnification clause. Cases have held that an indemnification  
 25 agreement will generally not establish an intent to induce infringement, but that  
 26 ***such intent can be inferred when the primary purpose is to overcome the  
 deterrent effect that the patent laws have on would-be infringers.***



1 *Hewlett-Packard*, 909 F.2d at 1470 (emphasis added) . There, the indemnification clause was  
 2 part of Bausch & Lomb's sale, "'lock, stock and barrel,'" of an entire business (Houston  
 3 Instruments), which included a wide variety of components that had no connection to the  
 4 infringing "grit wheel plotters" business. *Id.* at 1469-70. The totality of circumstances  
 5 surrounding the agreement showed that "what B & L really wanted out of this agreement was the  
 6 sale of Houston Instruments at the greatest possible price." *Id.* at 1470. Here, by contrast,

7 **REDACTED**

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 10 From those facts, it can certainly  
 11 be inferred that the primary purpose was to overcome the deterrent effect that the patent laws—  
 12 and Amazon's infringement claims in particular—had on Delivery Agent.<sup>5</sup>

### 13 **V. CONCLUSION**

14 Discovery's specious motion for summary judgment of "no infringement" should be  
 15 denied in its entirety. Even the evidence available at this early stage of litigation demonstrates  
 16 Discovery's direct and indirect infringement, despite Discovery's attempts to conceal it. In  
 17 addition to denial of the Motion in its entirety, Amazon respectfully asks the Court for a finding  
 18 that at least **REDACTED**

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 20 was submitted in bad faith.

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 22  
 23 <sup>5</sup> Discovery also denies contributory infringement, arguing only that it does not provide "computer  
 24 hardware or software" components adapted to the invention. **REDACTED**

25 *see also, e.g.,* '649 at 18:20-37; '722 at  
 26 17:24-45; '225 at 15:66 – 16:6; '986 at 15: 33 – 16:3. Thus, genuine issues of material fact exist that Discovery also  
 indirectly infringes under 35 U.S.C. § 271(c).

1 Dated this 6th day of May, 2010.

2  
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies as follows:

I am employed at Corr Cronin Michelson Baumgardner & Preece LLP, attorneys of record for Plaintiff herein.

On May 6, 2010, I caused a true and correct copy of the foregoing document to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the following:

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and I hereby certify that I have delivered via U.S. Mail the document to the following non CM/ECF participants: N/A

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

DATED: May 6, 2010 at Seattle, Washington.

  
Antesha Esteves